

# Avoiding the Biggest Tax Mistakes

# Agenda

- Recordkeeping
- Report all taxable income
- Keep business expenses separate
- Review return for accuracy
- Consider e-file options
- Don't fall prey to tax scams
- Choose your tax preparer carefully
- Do your homework

# Recordkeeping

- Maintain records needed to figure your income
- Keep records needed to figure your deductions:
  - Cancelled checks
  - Receipts
  - Other evidence
- Retain records as long as you may need them

# Report all Taxable Income

- Report all taxable income on your return
- Most income is taxable unless it is specifically exempted by law
- You can receive income in the form of:
  - Cash
  - Check
  - Credit Card
  - Non-cash exchanges such as bartering

# Keep Business Expenses Seperate

- Avoid claiming personal expenses as business expenses – always keep these separate
- Three top expenses reviewed by IRS:
  - Home office deduction
  - Auto expenses
  - Travel and entertainment expenses

# Review Return for Accuracy

- Double-checking each line
- Watch for common mistakes
  - Incorrect/missing SSN(s)
  - Incorrect tax
  - Computation errors
  - Withholding/tax payments on wrong line
- Mistakes can delay processing

# Consider e-File Options

- Choose IRS e-file
  - Direct deposit
  - Electronic payment options
  - Preparer should offer e-file

# Don't Fall Prey to Tax Scams

- Tax scams / “sounds too good to be true”
- Abusive tax schemes evade taxes
  - False deductions
  - Improper use of trusts
- “Dirty Dozen” news release
- Tax Scams/Consumer Alerts page on [IRS.gov](https://www.irs.gov)



# Tax Scams Video

# Carefully Choose your Tax Return Preparer

- Be aware of return preparer fraud
- Sixty percent of taxpayers seek professional help
  - Most preparers are honest
  - Some prey on unsuspecting taxpayers
- You are legally responsible for your return

# Do your Homework

- IRS has helpful publications
- IRS Small Business & Self-Employed Center
- Small Business Tools & Resources
  - E-News for Small Businesses
  - Small Business Tax Workshops
  - Online Learning and Education products

# Resources

- Publication 583 – Recordkeeping
- Publication 525 – Taxable/Nontaxable Income
- Publication 587 – Business Use of Your Home
- Standard Mileage rates
- Tax Scams-How to Recognize and Avoid Them
- IRS releases the Dirty Dozen Tax Scams
- Go to [www.irs.gov](http://www.irs.gov) for pubs and forms or call 800-TAX-FORM (800-829-3676)

# Small Business Taxes: A Virtual Workshop

- Federal taxes and your new business
- Schedule C and other small business taxes and tax forms
- Retirement plans for yourself and your employees
- Federal taxes when hiring employees or contractors
- Managing payroll and withholding the correct amount from employees ... and more

# Questions

To Ask A Question:

- Click the “Ask Question” link
- Type question in the text box
- Select “Submit”
- Question guidelines for this event:
  - Ask only about general topics covered in this webinar
  - No specific case-related issues questions and don't send sensitive or identifying information